preciation and maintenance, showing the necessity of usually considering depreciation and maintenance together, the disposition of profits, the interpretation of financial statements, in which ultimate and immediate solvency is differentiated, and the effect of interest on values. The balance sheets presented in chapter twenty are particularly clear, and business organizations would do well to adopt the form of financial statements here outlined. The four short appendices discuss drafts, simple interest and bank discount, compound interest and annuities, and single entry.

The book contains a full table of contents, and is well indexed. The text is artistically displayed and is easy to read; each paragraph in the entire volume is given a bold-face heading. At the conclusion of each chapter are problems and exercises which will further assist in its use as a text. An answer book has been prepared which will also be an aid to the instructor. The style is pleasing, and the work possesses a literary finish not ordinarily found in a text on accounting.

J. Hugh Jackson.

With Price, Waterhouse & Co., New York.

Investment Analysis. By Walter Edwards Largerquist. (New York: The Macmillan Company. 1921. Pp. xviii, 772.)

In 672 pages of text, 100 pages of appendices, and 18 pages of index, the author has arranged a comprehensive survey of the subject from the point of view of the conservative investor. The volume is divided into four books.

The first book discusses the general considerations pertaining to all investments, such as: the criteria for analyzing the investor and the investment; the terminology and classes of bonds and mortgages; the structure and analysis of a typical corporation report; the essential elements in mortgage securing bonds; the rules and customs regarding the underwriting, issuance, and transfer of securities; net yields and the use of bond tables; a discussion of bank reserves and interest rates as they affect the prices of bonds cyclically; the regulations of blue-sky legislation and the problem of taxation and tax exemption of bonds.

The second book describes all important forms of corporation bonds topically as follows: railroad, railroad equipment, street and interurban railways, electric light and power, gas, hydro-electric power, water, telephone and telegraph, Great Lakes steamship, industrial, and timber bonds. A similar topical arrangement in book three discusses real estate mortgages, real estate bonds, Federal Land Bank farm-loan bonds, irrigation securities, and drainage and levee district bonds. Book four treats of civil loans including those to the United States and

foreign governments, state, county, city, town, and special assessment districts in the broader functional method.

When this volume is compared with all the other works brought forth on this subject during the last fifteen years, it excels unquestionably as to comprehensiveness, although the treatment of preferred stock as a possible investment is relegated to an isolated page or two; and the treatment of foreign government bond issues is somewhat skimped in view of their current and impending importance. The value of this chapter would be enhanced by specific reference to and comment upon the larger loans current in the United States of the principal borrowing countries. Thoroughness characterizes the work of the author and the treatment of some phases is carried to the point of meeting specialists' needs. Indeed, the implications of the subject in accounting, law, corporation finance, and business cycles are rather thoroughly covered. This may not be particularly pleasing to the teachers of accounting and other courses, but it is highly desirable for the student who has a vocational or pecuniary aim in pursuing this particular subject. By the liberal use of quotations from other writers, the appropriate use of footnotes, and the exhaustive classified bibliography in one of the appendices, the author has satisfactorily introduced the reader to the literature of the subject.

In his expressions of opinion, the author carefully avoids the fiats that characterize less academic writers in this field. On the other hand, he appears to possess, in the opinion of the reviewer, an excess of confidence (1) in the good judgment and disinterestedness of bond-house managers; (2) in the improbability of repudiation of modern civil loans; and (3) in the unmodified permanence of the present fundamental philosophy of capitalistic debt. Some of the statements reflecting these ideas follow:

"It is only when the investor has a full appreciation of the requirements of sound investments that he will always seek the advice of his banker, and then follow this advice when given" (p. 3). Would an intelligent *investor* have taken the bankers' advice to buy external Russians in 1916 or external French in 1921?

"Many writers......undoubtedly have overemphasized the importance of the repudiation of state debt which occurred fifty and seventy-five years ago" (p. 603). "Since the middle of the last century a number of repudiations of national bond issues have been made...... A number of repudiated national securities which have been issued prior to this period still are considered as representative of foreign bonds by the larger part of the American investing public" (pp. 663-4). "....It is indeed rare for a municipality to attempt repudiation" (p. 604). A prolonged depression of international scope would soon

convince investors that history has lessons not to be overlooked because of their remoteness.

"Whether Sovietism maintains or is replaced, the government in power, if it is to retain its place, must eventually pay" (p. 665). Would the same conclusions attach to France and England who now owe us about eight billion dollars with interest already in default for two years? Will not the general difficulty of payment make some "adjustment" conventional? With regard to the smaller nations, is it not true that the British navy has been the fundamental fact in the payment of most foreign bonds in the past century? Who will act as the sheriff for us during the next century? Is any foreign investment really safe without a strong League of Nations, or its equivalent?

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